

FILE ONLY

Suit Against CIA Called 'Frivolous'

By Charles Memminger
Star-Bulletin Writer

The administrator of the bankrupt investment company Bishop, Baldwin, Rewald, Dillingham & Wong is not going to give up his option to sue the CIA, even though he does not believe there now is a case against that agency.

That's what Thomas Hayes, bankruptcy administrative controller, said yesterday in reaction to a \$671 million suit filed against the CIA by Ronald Rewald and to other court documents filed.

Rewald filed the suit as a "third party" in an attempt to have the agency held liable for millions of dollars of investors' money that is missing. Rewald can not directly sue the CIA on behalf of his company or creditors because they are under the jurisdiction of U.S. Bankruptcy Court.

But Rewald is asking the court to order the bankruptcy trustee to abandon all potential claims against the CIA and allow him to file claims against the CIA.

Hayes said he has no intention of abandoning any possible claim against the CIA. But he said, "There is no case against the CIA today."

He said Rewald's "third party" suit against the CIA is "frivolous"

since he has no standing to sue on behalf of the company.

That position was echoed by James Wagner, bankruptcy attorney, who said Rewald "can sue 'till his heart's content" but it has nothing to do with claims by creditors.

REWALD'S attorney, Robert Smith, said yesterday that the suit against the CIA was filed because Rewald believes "he has claims against the agency" and pursuing those claims is "the only way investors are going to get their money back."

The suit was filed in connection with a civil suit against Rewald by a group of investors. Smith said he wants to file similar suits in connection with all the cases Rewald is involved in. In effect, Rewald wants the CIA held responsible for the money he is being blamed for misusing.

Smith filed identical suits in U.S. District Court here and in U.S. Claims Court in Washington, D.C. The action is the first time that Rewald has publicly charged that the CIA had something to do with his company.

Others involved in the company have suggested that Rewald's operation was a blind for CIA activities.